Human Events *A Weekly Analysis for the American Citizen*

Editorial Office 1710 Rhode Island Ave., N. W., WASHINGTON 6, D. C. *Telephone* NATIONAL 2066

VOL. VI, NO. 26, *Issue Number* 283, JUNE 29, 1949 ★ *Editors:* FELIX MORLEY & FRANK C. HANIGHEN

UNIVERSITY OF MINNESOTA JUL 6 1949 LIBRARY

THE IMPORT OF POINT FOUR

by Edna Lonigan

There is artistic political finesse in the gradual unveiling of Point Four of President Truman's Inaugural Address -- the "bold new plan" for raising the standard of living of "backward areas" by involuntary contributions of American capital.

Everything that has been said officially about Point Four has the delicate detail and intriguing design of a stage setting by Dali. No solid unpleasant facts have been permitted to obtrude, but one step after another has been quietly taken, to commit us to the whole program.

The plan is bold, but is not new. In a delightful scene at the New School of Social Research, about 1941, ex-Secretary Wallace called for a bold attack by the American Government on poverty in backward areas abroad. The phrase about a quart of milk for every Hottentot remains in mind. It was the contention of Mr. Wallace that virtually nothing had yet been done by advanced nations to relieve the woeful lack of technical knowledge in non-industrial countries.

On the same platform, the Honorable Harold Butler, Minister from Great Britain, looked grim. He rose and listed politely the number and variety of foreign investments his country had made, for over a century, to bring railroads and other technical improvements to unindustrialized areas. These observations did not phase Mr. Wallace at all, because this Cabinet officer was speaking of "globaloney" in the New Deal sense.

It is necessary to examine the origins of the "bold new program" in order to forecast intelligently what is likely to come of it.

II

Henry Hazlitt has already traced the Truman statement back to Earl Browder's book on Teheran, where the former Communist leader explained that State investment in colonial areas is the sort of enterprise in which the United States and Russia could co-operate to rule the world. The real origins, however, are older and even more interesting.

The American people have for generations provided capital for investment through private firms. They took the risks, in return for a share of the net outcome, whether profit or loss. The essence of the bold new program is that investment will no longer be managed by independent private firms. It will be directed by Government officials.

Copyright 1949 by HUMAN EVENTS, INC.

PRODUCED BY UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

Of course the new program is described as an aid to "private enterprise". The Government will let private firms and private investors put their capital into State undertakings, but it will guide the use of the money, and give investors and managers whatever returns it wishes, in whatever currency it chooses to pay.

What is now developing under the guise of Point Four is really an adaptation of a brilliant invention of the German bureaucracy. The National Socialists began with deficit spending -- Keynes got his ideas from Germany. They used their deficit spending at first, as we did, for work relief, a civilian conservation corps, and road-building. But the German bureaucrats found that in made-work they were filling a bottomless pit. Also they were working on the fringes of Society, with the outcasts. They wanted to take over industry. There was the heart of a modern nation. There was the real source of revenue.

The German bureaucracy's invention was a device for taking over the private firm without seeming to confiscate it. A preliminary step was government "purchase orders" for rearmament. The government bought a share in the output of private firms at a price it fixed. This was the entering wedge, because whoever controls the largest share of a market controls the entire market, and the price system.

The German bureaucrats did not imitate the inexperienced Communists in crude confiscation of property, because they had been learning how to manage private industry ever since social insurance was first devised. They left to private owners all the outward and visible signs of "ownership"; of plant, equipment, stocks and bonds. They merely controlled the flow of income in and out; the life blood.

We call the various steps price control, managed money, renegotiation of contracts. But the technical names are only the screen behind which bureaucracy operates. The point in all these devices is that they tend to separate "ownership", as legal title to things, from ownership in its only effective meaning -- the right to decide as to use.

The National Socialists discovered what Marx had missed, that in a highly industrialized nation a political party which wishes to collectivize private property can do so most efficiently through the elaborate financial devices of capitalism. The Communist method of physical confiscation is outmoded. It belongs to the Nineteenth Century. Indeed, the Communists themselves have now abandoned seizure of private property for the new technique, confiscation through financial controls.

PRODUCED BY UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

It is idle to argue whether or not the close resemblance between the New Deal and National Socialism arose from direct imitation. The same techniques developed in both countries because both nations were highly industrialized, with a sophisticated opposition.

At first the New Dealers directed their spending into consumption channels. FERA, CCC, AAA etc. enabled the party to collect huge sums of money by promising to redistribute it for "consumer purchasing power". By 1936, Harry Hopkins realized that this form of spending was coming to an end. The difficulty was not the absence of unemployment. Government can always create additional unemployment by favoring uneconomic increases in wage rates, through minimum wage bills or Wagner Acts. But there is a definite limit to the number of roads and bridges, WPA guidebooks, or even nursery schools, that the central government can create. In 1936, people were beginning to feel the pinch of lower income, and political tensions could easily have led to effective Republican opposition. Hopkins also seemed weary of dealing with the poor and the unemployed, on the fringe of the nation. In his quest for power he looked longingly toward the heartland of industry.

The NRA had failed. So Hopkins found his program in plans to urge industry to produce more, with a Government guarantee to pay for all goods unsold within a quota. This would have had much the same effect here as rearmament orders in Germany. Foreshadowing the Brannan Plan, it would have given the Government the control of prices, production and markets for industrial products that is now sought for agriculture. Hopkins knew from FERA-WPA that business would support politically the hand that feeds it, just as farmers and labor have done.

Hopkins made a public statement that the Government should "encourage" industry by promising to pay for part of its output. One newspaper carried a story that well-informed Europeans thought the United States had gone Socialist and were selling their American securities. Prices turned down on the exchanges. That was all.

We were temporarily saved from this plan primarily by the depression of 1937, which gave Hopkins new money to carry on his role of chief spender and organizer of voting blocs. After 1938 Hopkins became Secretary of Commerce and went back to his plan, but both his illness and the war then intervened. In 1941, the lend-lease bill embodied the essential Hopkins idea. Lend-lease was fashioned not so much for war as for post-war purposes.

PRODUCED BY UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

The deaths of Roosevelt and Hopkins again interfered with a consummation of our National Socialism. After an interval we turned to rearmament, which is a form of quotas-for-industry. Then we had the European Recovery Program. Now Point Four would give the Administration a plausible argument for getting eventual control of the nation's heavy industry under a "peace" program. As President Truman frankly warns: "We are here embarking on a venture which extends far into the future."

IV

Any government today can obtain unlimited funds by deficit financing, if it buys back its own bonds at its own price, and so hides the extent of inflation. If the governmental elite is clever enough to "invest" this money in getting control of the income of industry, it will never be removed from power. It will have complete control of the flow of income into corporations, of the flow out, and of the price levels which determine the value of all shares. The "owners" may be left in undisturbed possession of their stock certificates, like leaving a western stock man with all his pipes and reservoirs, and commandeering only the flow of water.

This will affect chiefly not owners but workers. Business men can retire. Investors can be bought off with certificates of interest due. But to workers the change will mean that the State is in effect the sole employer. Every worker, from machinist to charwoman, from economist to farmer, must then work for that one employer, or else go under. The Employer State, being a perfect monopoly, can decide on its own terms who shall work, where, and at what tasks. It can decide what returns the employee shall be paid, and in what kind of devalued currency. The transition will be delicately veiled of course, as it still is in England. But soon it will be irreversible.

Resistance to absolutism is possible only where citizens keep their own earnings, where the executive never gets control of the "purse". The executive that has its own investments has gained the power of the purse. The country may retain the apparatus of Parliamentarism, but actually the Parliament has become a shadow. When the legislature's only power, control of the purse, is lost, representative government is finished. A self-perpetuating elite is in control. The Treasury's efforts to take over investment (and employment) will be stopped only if we recognize the cup of hemlock now held to our lips.

This is Armageddon. If the American people permit a final consolidation of executive control through Point Four, then political absolutism will darken the entire world for generations yet unborn.

Quotation up to a paragraph is permitted with credit to HUMAN EVENTS. For reproduction or more extensive quotation address requests to HUMAN EVENTS, 1710 Rhode Island Avenue, N. W., Washington 6, D. C. Trial subscription, three months for $3. Six months, $5.50. One year, $10. Two years, $18. Domestic airmail (including APO and FPO) one year, $12.00; foreign (regular mail) one year, $11. Foreign airmail rates on request. Please remit in U.S.A. DOLLARS. Allow two weeks for new subscriptions or change of address to become effective.

PRODUCED BY UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

Not Merely Gossip *A Supplement to* Human Events Vol. VI, No. 26

UNIVERSITY OF MINNESOTA JUL 6 1949 LIBRARY

By Frank C. Hanighen June 29, 1949

NEO-ISOLATIONISM: We note with astonishment signs that the Nation has gone isolationist. In its June 3 issue it prints a column by Alvarez del Vayo, its foreign editor, entitled "Europe Won't Fight", in which del Vayo maintains this thesis and with no suggestion of disapproval. Mr. del Vayo does not extend his semantics, nor push too far his logic, by concluding that Europe has gone isolationist -- a state of things of which there are many indications. He simply gives various clearly recognizable signs that Europeans do not want to fight Russia, even if buttressed with American arms. In this connection, we are interested in a cartoon in the revived Simplicissimus of Munich. It showed a tall but cowering French poilu with rifle and bayonet, and beside him a small German figure carrying a popgun. The latter was saying, "Jacques, can I run away with you too?" The German assumption that the French Army will run, if Russia attacks, and that every popgun-bearing German would also like to run perhaps tells the story better than del Vayo.

This sort of article would never have been printed in the Nation, in its hysterical period of 1938-41. The suggestion then that France would not fight Hitler's legions was a heresy which folks like the Nation editors called "isolationist", and for them that word connoted "Fascist". We recall how Mr. I. F. Stone, Washington correspondent of the Nation at that time, applied the term "Munichman from Montana" to Senator B. K. Wheeler. Persons like Wheeler, Lindbergh and Freda Utley in those days warned that war would destroy Europe and bring in the hegemony of Stalin -- and were chastised by journals like the Nation for their pains. Such journals have varying definitions of "isolationism" to suit their varying purposes.

And now we come to that fine old isolationist Walter Lippman. His bi-focals have enabled him to behold a new truth. He says (Washington Post, June 27): "There will, I believe, gradually go out of fashion a mode of interpreting events which though it had practical importance at one time, no longer fits the facts. It is the we-or-they formula: the theory that every country is, or will be, with Russia or with the Western Powers, is or will be 'Communist' or 'Democratic'." Several dozen other observers, noting the Tito phenomenon (among other factors), have had the same impression. Lippman, however, indicates that the "we-or-they" theory was once pretty good ("it had practical importance at one time"). Apparently the "one time" was when mad mullahs were labelling as "Fascist" or "isolationist" those who warned of the unsoundness and dangers of the "we-or-they" formula. For Lippman, that formula was then necessary to crush Germany; today it interferes with his evident desire to keep Germany crushed. Who was it that described the Lippman writings as "Operation Cross-eyed"?

* * * * *

HISS CASE: Washington papers gave more emphasis to the appearance of Justices Frankfurter and Reed at the famous trial than did the New York press. The Star account of this veritable avatar devoted no little space (for the entertainment of Washingtonians) to a tiff between Prosecutor Murphy and the peppery little Justice, in which the latter apparently resented the former's question, "You talked to Judge (Jerome N.) Frank?" The assertive Frankfurter retorted, "No, he talked to me." It is known that no love is lost between Frankfurter and Judge Frank, who incidentally did not appear to testify for Hiss. The Washington News recently remarked that Hiss "has been having difficulties in obtaining character depositions from such men

Copyright 1949 by Human Events, Inc.

PRODUCED BY UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

as James F. Byrnes, Judge Frank and Gardner Jackson" (a prominent New Dealer in the middle Thirties). It is recalled that in those days Frank and Jackson split sharply with Hiss on basic policy in the Department of Agriculture.

Such is the talk in the Capital, and to it we should add one more topic. The fact that Justice Reed joined Frankfurter in testifying has set off much speculation. It is true that this usually cautious jurist, when he got on the stand showed less brio in his character testimony than his colleague. But the question is asked in the Capital: Does this pairing of these two justices herald some new alignment in "Court politics"?

* * * * *

BRANNAN: Did Secretary of Agriculture Brannan lay some ground work, at the recent Des Moines Democratic rally, for Presidential plans? Hats-in-the-ring talk at this early date naturally deserves some skeptical examination and it would certainly be premature to predict that Brannan will bid for the top post in 1952. However, some who watch for signs of political aspirations perceive a pattern that suggests preparations for the next Presidential race, if not by Brannan himself, at least on the part of his friends.

It is no secret, for instance, that Brannan is backed by a Left Wing, Fair Dealer clique, led by Oscar Chapman, Undersecretary of the Interior (who would like to be the next Secretary of that Department). This group, it is believed, has put Brannan forward as the "front man" for its program for a totalitarian State. Sophisticated observers, of course, have never been taken in by the Administration description of Brannan as a "middle-of-the-roader". Trained under no less a person than C. B. ("Beany") Baldwin, who last year managed the Wallace Presidential campaign, Brannan is really a "true blue" member of the Left Wing. It is noticeable that Brannan as "front man" has backed not only agricultural legislation but other bills as well. He appeared for the notorious Spence bill, and he is believed to have had something to do with the new Fair Labor Practices Act, which contained wide discretionary provisions -- a characteristic of all of Brannan's demands on Congress. He is also reportedly mixed up with the promotion of the Missouri Valley Authority proposal, a CIO measure.

So much for the legislative program. The organization behind it, however, is of even greater importance. In the Department of Agriculture, which boasts 200,000 employees, Brannan possesses a formidable political machine. With its agents in every corner of the country, its production and marketing committees and Triple A network, this Department is in a position to "build up" its Secretary into a national political figure. It did so for Wallace in the Thirties; it can do so for Brannan in the next three years.

* * * * *

REA: In Washington, it is not a cynical but simply a sober observation to remark that new plans burgeon when the planners fear the loss of their jobs. To this extent, bureaucrats are moved by the spectacle of rising national unemployment. When Congress talks economy (even if this talk is dubious), when the budget situation is tight, or for some other reason, then bureaucrats turn busily to the creation of new projects, or of new departments of government. For instance, after the war ended, there was a great scurrying among the chairwarmers to produce projects, and to a large extent, they succeeded. We were told then that Germany and Japan had to be "democratized", and so veterans of OPA, FEA and other agencies moved en masse abroad -- a terrain far from the hostile eyes of such as Congressman John Taber. This aspect of the feeding and care of bureaucrats occurred to us as we heard that the Poage bill is progressing towards enactment in the House.

PRODUCED BY UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

That bill is designed to give the Rural Electrification Administration power to go into the rural telephone business. But hasn't the REA enough to do in its efforts to bring electric power to farms? There's a remarkable coincidence here. When it started in 1935, only about 11 per cent of farms were electrified, but by 1947 the figure stood at almost 70 per cent. REA Administrator Wickard in 1948 admitted that the electrification program was about to taper off and within a few years just about all farms would enjoy this service. In such a case, REA would then have to prepare to liquidate itself. But it is a rule that no bureaucracy can consent to self-liquidation. Accordingly, we find the REA reaching out into another field of activity.

It matters not, of course, that among nearly 6 million farms about 42 per cent have phones this year as compared with 25 per cent in 1940. Nor is it worthy of the attention of Mr. Poage and his supporters that private companies are making rapid progress in extending services despite the backlog of war and the shortage of material; *nor* that about a million rural phones have been installed since the war. If private capitalism fails to serve 100 per cent of the rural population instanter, then the Government must fill the gap. This Poage bill, as Raymond Moley remarked in a recent article, marks a "steady drift of the Administration toward Socialism". We imagine that Mr. Moley would not quarrel with our suggestion that looming unemployment for bureaucrats is a stimulus to such a drift.

* * * * *

MOSCOW -- WHAT NEXT? It is justly said that one never knows where Soviet diplomacy will strike next. But it cannot be said that one remains unwarned about the course of Soviet propaganda. We know a sage, a student of the nuances of the almost unbelievable billingsgate that issues from the Moscow radio, who claims that he can tell the approach of certain moves of psychological warfare as practiced by the Kremlin. For whatever his judgment is worth, we cite three "predictions" from our friend, as follows:

(1) Before long some American Communist will come out, renounce his American citizenship and apply for citizenship in Russia or some satellite State. Our friend cites some recent examples of British and French Communists changing their nationality. (2) An American fellow traveller committee will make a trip to Moscow for the express purpose of whitewashing Soviet anti-Semitism. The exposure of Red treatment of Jews has obviously worried the Kremlin, not to mention the New York Daily Worker. (3) Some American scientist, albeit of humble station, will seek to leave the United States with the avowed purpose of helping the Soviet Union in its work on atomic matters; or, which is more likely, this scientist will be smuggled out of the U. S. and will appear behind the Iron Curtain. It could be!

* * * * *

ARMS FOR CHINA: From the State Department itself, we have received some evidence of the fine exuberance with which that body sought to "help" China. The Department in recent months gave out astronomical-looking figures which, it claimed, represented arms aid to the Nationalist Government. Mr. Chen Chi-mai, of the Chinese Embassy, cut these down to a small fraction in a letter to the Times. Now, last week a State Department release (No. 469) listed surplus U. S. combat material to foreign nations, covering periods from August 1947 to December 1948 -- a time when Chiang Kai-shek was fighting for dear life against the Communists. The release contains some interesting contrasts. For instance, Argentina (not known to be fighting in the cold war) received from the U. S. about $25,000 (sales price of U. S.) of machine-guns, gun parts, etc., whereas China, the defender of the Truman faith in Asia, received about $6,000 worth of spare parts for aircraft ordnance, ammunition links, etc. Chile, at the same time, got about $7,000; Brazil, about $5,000; Peru, about $5,000 -- but enough, enough!

PRODUCED BY UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

Book Events

The Stumbling Stone, by Aubrey Menen. New York: Charles Scribner's Sons. $3.00.
Reviewed by J. M. Lalley.

About two years ago an extraordinary first novel called The Prevalence of Witches disclosed the existence of a bright, genial and highly original new talent. The author, Mr. Aubrey Menen, whose ancestry is said to be part Irish and part East Indian, appears to have inherited an exuberant wit and a taste for metaphysical profundities. His novel dealt in comic, and even farcical, fashion with the problem of evil as it manifested itself in a remote and primitive village of India. There was, however, a serious, indeed tragic, undertone that may have been lost to some of his readers; for Mr. Menen was seeking to show that the savage concept of evil goes much closer to the heart of the problem than the evasive subtleties of civilized reasoning. This time Mr. Menen is dealing with the problem of goodness in an evil world, and all the qualities of his earlier work are shown here in even greater brilliance, and his one technical weakness, a tendency to play with ideas at the expense of character and action, is much less evident.

The scene on this occasion is Socialist England, and the new novel is in one sense a corrosive satire of industrial civilization generally and of the Welfare State in particular. Mr. Menen attacks it not on any political or economic ground, but solely on the score of the spiritual horrors that result from the degradation of human beings into statistical concepts or into case histories in file cabinets. The story has largely to do with efforts of Colley Burton to rescue a young delinquent from the clutches of the social workers and psychiatrists, who with the best of intentions are bent upon destroying him. Burton has returned to England after almost a lifetime of obscure good works among a tribe of outcasts in India. He discovers to his astonishment that he is the current celebrity of London; that through the collusion of an officious lady journalist and cynical playwright he has been given the reputation of a saint in a world where virtue has suddenly become fashionable. The reputation is not, however, wholly unwarranted. Burton is not only a genuinely good man, but his goodness, unlike most, is disinterested. He has devoted his life to others because it seemed to him the natural thing to do. Thus he is shocked and angered when he finds that there are also those who do good for mean and selfish reasons -- because it is profitable or respectable or a means to political or social advancement -- and who plan to exploit his reputation to these purposes. Burton, in short, differs from other saints in never having been tempted to evil, and here, it appears, lies his one great weakness. Because he is disinterested he escapes the snares of the blackmailing playwright Lucky Prynne who has built his fortune by ferreting out and making use of the hidden vices of others. But it is for the same reason that Burton finds himself unable to help or to understand the boy he is trying to save. It is precisely because he has never been tempted that Burton has never felt the need of God. This, as I gather, is the stumbling block to which Mr. Menen alludes in the title, which is borrowed from a passage from St. Paul. The boy, Chas Hopkins, is saved in the end, to be sure, but by a much humbler instrument than Burton.

No doubt I have made it all sound very much like an allegory or a sermon, and in a way perhaps it is both. But it is first of all and above everything a charming mockery of our manners and superstitions, set forth in a lively narrative full of unpredictable turns. And it is inlaid here and there with precious epigrams, of which one fair specimen may be quoted:

> "As the more intellectual [Gadarene] pigs . . . were no doubt the first to remark, when in steep places, the logic of events demands a forward and progressive policy."

PRODUCED BY UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED